

LOCALISM ACT 2011

MAYORAL DIRECTION

LONDON LEGACY DEVELOPMENT CORPORATION
GOVERNANCE DIRECTION, UPDATED 2019

LLDC AND SUBSIDIARIES

Status	Date
Coming into force	1 July 2013
Updated	1 August 2019

LONDON LEGACY DEVELOPMENT CORPORATION GOVERNANCE DIRECTION, UPDATED 2019

BACKGROUND

- A. In order to provide an appropriate degree of scrutiny and accountability for the activities and larger projects of the London Legacy Development Corporation ("LLDC"), the LLDC and the Greater London Authority ("GLA") have agreed to put in place a mechanism by which the GLA will exercise a consultation and approval function for certain matters relating to LLDC's governance, where the consent of the Mayor is required under the Localism Act 2011 and otherwise where it has been agreed that such consent is necessary, including in relation to certain decisions of LLDC's Subsidiaries.
- B. It is now intended to formally record and implement that arrangement by way of a Mayoral direction to LLDC pursuant to section 220 of the Localism Act 2011 ("the 2011 Act"). LLDC have been consulted on the update of this Direction.
- C. This document ("the Direction") is called the London Legacy Development Corporation Governance Direction, updated 2019. It has been updated with minor amendments to reflect a change in oversight responsibilities for Mayoral Development Corporations (MDCs) following a restructure at GLA, the Mayoral Decision-Making in the GLA and GLA Financial Regulations (as amended)¹, which have replaced the Mayor's Scheme of Delegation, and new data protection legislation.

MAYORAL DIRECTION

In accordance with section 220 of the Localism Act 2011 **I hereby direct** that from 1st day of July 2013 the London Legacy Development Corporation shall exercise its functions so as to comply with the requirements of this Direction, as set out below.

PART 1: INTRODUCTORY MATTERS

Definitions

- 1.1 In this Direction the following words and phrases are defined as follows unless the context otherwise requires:
 - 1.1.1 "*Application*" means an application by LLDC in respect of a consultation under Part 2 below or an application for Consent under Parts 3 or 4, either on its own behalf or on behalf of a Subsidiary (as the case may be);
 - 1.1.2 "*Board*" means the board of the LLDC;
 - 1.1.3 "*Consent*" means the consent of the Mayor and/or Executive Director on his/her behalf under this Direction;

¹ Both approved by MD2472

- as required by the provisions of the Localism Act 2011 listed in paragraph 3.1 below; or in respect of the matters for which Consent is required under paragraphs 3.2, and 4.1 to 4.7 below.
- 1.1.4 *“Executive Director”* means the Executive Director of Good Growth operating in consultation with the Executive Director, Resources, or such other member of GLA staff authorised under Mayoral Decision-Making in the GLA (as amended from time to time) and GLA Financial Regulations (as amended)², who are authorised by this Direction to exercise the Mayor’s powers under it on his/her behalf, and the term includes the Mayor personally should he or she decide to do so;
- 1.1.5 *“Financial Threshold”* means the threshold of £10 million (ten million pounds) for Regulated Commitments referred to in paragraph 4.7 below;
- 1.1.6 *“Functions”* includes LLDC’s powers and duties, whether arising under statute or otherwise;
- 1.1.7 *“General Grant Consent 2012”* means the General Mayoral Consent to the Giving of Financial Assistance by Grant 2012 approved under DD854, subsequently replaced by LLDC General Financial Assistance (Grant) Consent 2014 (approved by DD1245), a copy of which is at Annex 2;
- 1.1.8 *“GLA”* and *“GLA Act 1999”* means the Greater London Authority and the Greater London Authority Act 1999 (as amended);
- 1.1.9 *“National Lottery Fund Repayment Agreement”* means the agreement between the Mayor and the Secretary of State for Culture, the Olympics, Media and Sport dated 29 March 2012 regarding the return of capital receipts from such disposals to the National Lottery and HM Treasury;
- 1.1.10 *“Regulated Commitment”* is as defined in paragraph 4.6 below; and
- 1.1.11 *“Subsidiary”* refers (subject to any applicable statutory definition of the term in the Localism Act 2011) to a body which must be treated as a subsidiary of LLDC under CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom as amended from time to time.
- 1.1.12 A reference to the internal approval mechanisms of LLDC or any Subsidiary includes the approval of that body’s board or any committee, subcommittee, member or officer of the body in question acting under delegated powers.

Exercise of powers under Direction

- 1.2 The Executive Director shall exercise the Mayor’s function under this Direction including:
- a) responding on behalf of the Mayor to consultations under Part 2 below;
 - b) processing Applications under Parts 2 to 4;
 - c) determining such Applications, including whether to refuse or to grant Consent and what conditions (if any) to impose; and

² These replace the Mayor’s Scheme of Delegation.

- d) determining any matter under Part 5 below or otherwise provided for in this Direction.

- 1.3 The Executive Director may generally or specifically waive any requirement under this Direction including a requirement to obtain Consent where not required by statute.

Application of Direction to LLDC Subsidiaries

- 1.4 Where an obligation to obtain Consent or to comply with some other requirement is imposed by or under this Direction upon a Subsidiary then LLDC is directed by the Mayor under section 220 of the Localism Act 2011 to exercise its control or other powers in respect of the Subsidiary to secure that the latter obtains Consent, complies with any conditions to a Consent has been granted, and does not otherwise breach the terms of this Direction.

Effect of Direction

- 1.5 Where under this Direction:
 - a) prior Consent is required (paragraphs 4.1, 4.2, 4.3, and 4.4 only) then LLDC and its Subsidiaries must obtain Consent before their Boards or other internal decision-making mechanism gives any binding approval to the matter on behalf of that body;
 - b) prior Consent is not required then LLDC or Subsidiary may (as they wish) take a decision to approve the matter with or without having first obtained Consent provided that
 - i. the decision in question is expressed to be contingent upon Consent under this Direction being obtained; and
 - ii. LLDC or Subsidiary shall not act upon or implement their decision nor enter into any legally binding commitment to do so until Consent is formally granted.
- 1.6 Any agreement, Consent or other approval given by the Mayor in his/her capacity as chair of LLDC or Subsidiary is not to be regarded as providing Consent for the purposes of this Direction.
- 1.7 Nothing in this Direction fetters or restricts:
 - a) the Mayor's ability to delegate functions to LLDC under sections 38 or 380 of the GLA Act 1999; before or after the date of this Direction;
 - b) the Mayor's ability to give guidance or to give general or specific directions or Consent to LLDC as to the exercise of any of its functions under sections 219 and 220 of the Localism Act 2011;
 - c) the Mayor's ability to require LLDC to furnish him/her with information to which s/he is entitled under the GLA Act 1999, including under sections 110 and 395; or
 - d) the London Assembly's powers under sections 61 to 63 or section 110 of the GLA Act 1999;
 - e) the LLDC's, Mayor's or GLA's obligations under the Freedom of Information Act 2000 or Environmental Information Regulations 2004 or the General Data Protection Regulation 2016 (as amended);
 - f) any other statutory or legal requirement.
- 1.8 The arrangements under this Direction are subject to any expectations expressed by Government as part of its grant to the GLA.

PART 2: MATTERS ABOUT WHICH THE MAYOR MUST BE CONSULTED

- 2.1 The Mayor shall be consulted before:
- a) LLDC adopts or makes any significant changes to its Standing Orders or other rules of procedure;
 - b) LLDC adopts or makes any significant changes to its Scheme of Delegation;
 - c) LLDC makes any significant changes to its long-term plan, finalises its budget for the year (incorporating any subsidiaries' budget(s)), and before the LLDC's board approves (i) any significant updates to its long-term plan; and b) a rolling 4-year plan which incorporates the subsidiaries into it, for the purpose of their formal submission to the GLA as part of the GLA group's annual statutory budget approval process;
- 2.2 LLDC determines any matter delegated by the Mayor to LLDC under section 38 of the GLA Act 1999 where the delegation in question stipulates that the Mayor shall be consulted first.

PART 3: CONSENTS UNDER THE LOCALISM ACT 2011

- 3.1 Consent (subject to the relevant provision of that Act in question) must be obtained under the Localism Act 2011 to the following matters:
- a) submitting a compulsory purchase order (section 207);
 - b) disposing of land for less than the best consideration which can reasonably be obtained or which has been compulsorily acquired under the Act (section 209);
 - c) forming or acquiring interests in bodies corporate (section 212);
 - d) permitting a Subsidiary to borrow money or raise finance by the issue of stocks and shares otherwise than from the LLDC (section 212);
 - e) subject to paragraphs 3.2 below, the giving financial assistance to any person (section 213);
 - f) the terms and conditions on which staff are to be appointed (Schedule 21, paragraph 3);
 - g) determining the rates and eligibility criteria for staff remuneration, travelling and other allowances and pensions and gratuities (Schedule 21, paragraph 4); or
 - h) appointing persons who are not members of the LLDC's board to a committee or sub-committee of the LLDC (Schedule 21, paragraph 6).

Consent to financial assistance by way of grants under section 213

- 3.2 Consent must be obtained under this Direction to any financial assistance by LLDC that does not fall within the scope of the LLDC General Financial Assistance (Grant) Consent 2014 (approved by DD1245) or which cannot fulfil its terms.

PART 4: REQUIREMENT FOR CONSENT IN OTHER CIRCUMSTANCES

Appointment of LLDC's Chief Executive

- 4.1 Prior Consent must be obtained to the appointment by the LLDC of a Chief Executive.

LLDC's long-term plan, and business plan incorporating any subsidiaries' business plans

- 4.2 Prior Consent must be obtained by the LLDC before the end of each financial year, and before it finalises its budget for the year (incorporating any subsidiaries' budget(s)), and before the LLDC's board approves a rolling 4-year plan which incorporates the subsidiaries into it, and includes changes to base-line pay for the year covered by the budget, borrowing limits and prudential indicators for the next three years for the purpose of their formal submission to the GLA as part of the GLA Group's annual statutory budget approval process.

LLDC's and Subsidiaries' borrowings

- 4.3 Prior Consent must be obtained to any item of borrowing by LLDC or a Subsidiary which:
- a) has not been approved by the Board or other relevant decision-making mechanism of LLDC or Subsidiary as part of that body's annual budget; or
 - b) is not within the scope of the prudential borrowing limit approved by the Mayor for the year in which the item arises under section 3 of the Local Government Act 2003.

Land Transactions relevant to the GLA's obligations to the National Lottery and Treasury

- 4.4 Prior Consent must be obtained to any decision by LLDC or Subsidiary to approve a 'Land Transaction' as defined in Clause 2 of the National Lottery Fund Repayment Agreement regarding returns to the Lottery and Treasury and LLDC shall in advance share with GLA the details of all such anticipated Land Transactions.
- 4.5 Neither LLDC nor any Subsidiary shall do anything to place the Mayor in breach of his obligations under the National Lottery Fund Repayment Agreement and they shall furnish the Executive Director with such information as she/he considers necessary to ascertain there is compliance with the Agreement.

Regulated Commitments by LLDC and Subsidiaries

- 4.6 Subject to paragraphs 4.7 and 4.8 below, Consent must be obtained to LLDC or a Subsidiary making any individual decision that commits expenditure, creates a contingent liability and/or generates income of a value of £10 million or more ("a Regulated Commitment") where that expenditure, liability and income:
- a) was not contained in the business plan of LLDC (incorporating subsidiaries' business plans) for the financial year in which it arises; or
 - b) was included in that business plan but the actual value compared to its anticipated value in the plan is 5% or more downwards in the case of income or 5% or more upwards in the case of expenditure or a contingent liability.

- 4.7 For the avoidance of doubt Land Transactions falling within paragraph 4.4 above (National Lottery Fund Repayment Agreement) are excluded from the definition of Regulated Commitment in paragraph 4.6 above and Consent in respect of those transactions should be sought under paragraph 4.4.
- 4.8 In determining whether the value of a project equals or exceeds the Financial Threshold for the purposes of paragraph 4.6 above:
- a) regard shall normally be had to its total estimated expenditure for the project;
 - b) for projects delivered through partnerships and for which grant is paid to another body, regard shall be had to their estimate of total grant to be paid for the project over its whole lifetime;
 - c) projects must not be artificially split so as to portray what is properly regarded as a single item of expenditure or a single project as if it were two or more such items or projects each falling under the Financial Threshold;
 - d) similarly, non-project expenditure should not be artificially split;
 - e) account must be taken of all contingent liabilities, including guarantees to be given, whether during or after the lifetime of the project.
 - f) non-cash costs including losses on disposal and cost of capital should be included in consideration of whether the Financial Threshold is exceeded; and
 - g) any receipts received, or expected to be received, in connection with the project and flowing through that body's books (e.g. EU Structural Funds and any funds held in separate bank accounts) shall count towards the total estimated expenditure.
- 4.9 *"Project"* in paragraph 4.8 above means a unique set of coordinated activities with definite starting and finishing points undertaken by an individual or team, to meet specific objectives with defined time, cost and performance parameters.

PART 5: ADMINISTRATIVE MATTERS

Applications for Consent

- 5.1 LLDC shall provide to the LLDC-GLA Finance and Policy Liaison meetings (held every 6-8 weeks) a Consents Tracker of all relevant commitments, other projects, proposals and matters which it anticipates will require Consent under Parts 3 or 4 of this Direction and, as and when required, shall keep the LLDC-GLA Finance and Policy Liaison Group and the Executive Director informed about any significant issues affecting them, including any applicable developments, deadlines and dependencies.
- 5.2 Where an Application relates to a matter for which a Subsidiary requires Consent, then LLDC shall make the application on the Subsidiary's behalf and be responsible for handling all matters concerning the application, including liaising between the GLA and the Subsidiary.
- 5.3 Applications shall:
- a) be submitted by LLDC (or by LLDC on behalf of a Subsidiary) in a timely manner and so as to allow sufficient and appropriate time for GLA officials to consider the matter;
 - b) clearly identify the subject matter of the consultation or in respect of which Consent is sought under Parts 3 or 4 by using one or more of the relevant identification codes listed in Annex 1;
 - c) clearly state any relevant deadlines or dependencies; and
 - d) be supported by a business case that contains the same information and is in the same format as LLDC or Subsidiaries would normally use for their own internal approval processes (provided always that the Executive Director may require such further information or clarification as he or she considers necessary in the circumstances).
- 5.4 The Executive Director shall endeavour to determine the Application as soon as reasonably practicable following receipt, having regard to any relevant deadlines or dependencies stated in the Application and any information to be supplied by LLDC.
- 5.5 If the Executive Director is minded to refuse Consent then he/ she shall consult LLDC or Subsidiary before formally determining the Application.
- 5.6 Any Consent given under this Direction:
- a) shall be confirmed in writing by or on behalf of the Executive Director;
 - b) may be given unconditionally or subject to conditions;
 - c) may be given in relation to a particular case or in relation to such categories or descriptions of cases as may be specified in the Consent, including under a general consent under section 221 of the Localism Act 2011;
 - d) shall, unless otherwise stated in the decision, grant Consent to all the matters for which it was sought in the Application; and
 - e) may be varied or revoked by a notice in writing given by the Executive Director to LLDC or Subsidiary (but no variation or revocation may be made in relation to anything which the body in question has already done or where it has already entered into a legally binding commitment upon the authority of a Consent that has been given).

EXECUTION

Signature



Sadiq Khan
Mayor of London

Dated

..... 29/11/19 2019

ANNEX 1

Identification Codes

Code

Requirements under Direction		
C1	Consultation on significant changes to LLDC Standing Orders	Paragraph 2.1 (a), Direction
C.2	Consultation on significant changes to LLDC Scheme of Delegation	Paragraph 2.1 (b), Direction
C.3	Consultation prior to any significant changes being made to the LLDC's long-term plan, and to LLDC finalising its budget (incorporating subsidiaries' budgets)	Paragraph 2.1 (c), Direction
C.4	Consultation prior to determining matters delegated by Mayor to LLDC	Paragraph 2.1 (d), Direction
D.1	Prior Consent to the appointment of LLDC Chief Executive	Paragraph 4.1, Direction
D.2	Prior Consent to the submission to the board of LLDC's rolling 4-year business plan which incorporates any subsidiaries' business plans within it.	Paragraph 4.2, Direction
D.3	Prior Consent to LLDC borrowings	Paragraph 4.3, Direction
D.4	Prior Consent to "Land Transactions" under clause 2 of, the National Lottery Fund Repayment Agreement where disposal by LLDC or a Subsidiary	Paragraph 4.4, Direction
D.5	Consent to a Regulated Commitment by LLDC or a Subsidiary	Paragraph 4.7, Direction
Requirements under Localism Act 2011		
L.1	Submitting a compulsory purchase order	section 207
L.2	Disposing of land for less than the best consideration which can reasonably be obtained or which has been compulsorily acquired under the Act	section 209

L.3	Forming or acquiring interests in bodies corporate	section 212 (2)
L.4	Permitting a subsidiary to borrow money or raise finance by the issue of stocks and shares otherwise than from the LLDC	section 212(4)
L.5	Giving financial assistance to any person outside the scope of the General Mayoral Consent to the Giving of Financial Assistance by Grant 2012 (including where its conditions cannot be fulfilled)	section 213
L.6	Terms and conditions on which staff are to be appointed	Schedule 21, paragraph 3
L.7	Determining the rates and eligibility criteria for staff remuneration, travelling and other allowances and pensions and gratuities	Schedule 21, paragraph 4
L.8	Appointing persons who are not members of the LLDC's board to a committee or sub-committee of the LLDC	Schedule 21, paragraph 6

ANNEX 2

LLDC General Financial Assistance (Grant) Consent 2014 (Approved by DD1245)

ANNEX 3

London Legacy Development Corporation General Powers Delegation 2012